

Message Text

LIMITED OFFICIAL USE

PAGE 01 QUITO 05240 181651Z

17

ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-06 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 /128 W

----- 115898

R 181330Z JUL 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 6400

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

LIMITED OFFICIAL USE QUITO 5240

E.O. 11652: N/A

TAGS: ENRG PFOR EC

SUBJECT: PUBLIC REACTION TO THE GOE'S LOWERING THE PRICE OF OIL

1. SUMMARY: AFTER SEVERAL WEEKS OF DISUCSSION FROM WITHIN
THE GOE, LEAKS AND COMMENTS FROM GOE OFFICIALS, AND STORIES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 QUITO 05240 181651Z

AND EDITORIALS IN THE MAJOR NEWSPAPERS SETTING FORTH REASONS

WHY THE PRICE OF OIL SHOULD BE LOWERED, THE GOVERNMENT OF ECUADOR REDUCED THE PRICE BY \$.43 A BARREL. PUBLIC REACTION TO THE REDUCTION IN PRICE WAS LARGELY FAVORABLE, WITH ONLY A FEW VOICES RISING IN OPPOSITION. ALL OF THE COUNTRY'S MAJOR DAILIES GAVE BACKING TO THE GOVERNMENT'S DECISION, CITING THE PRESERVATION OF NATIONAL INTERESTS AS THE GUIDING REASON BEHIND THE REDUCTION. END SUMMARY.

2. FOR SEVERAL WEEKS PRIOR TO THE ANNOUNCED PRICE REDUCTION (\$.43 A BARREL), THE GOVERNMENT VIRTUALLY BOMBARDED THE NEWS MEDIA WITH POSITION STATEMENTS JUSTIFYING A POSSIBLE REDUCTION IN COST. BY SETTING FORTH THEIR POSITION WELL IN ADVANCE, THE GOVERNMENT PREPARED THE PUBLIC FOR THE REDUCTION, WHILE AT THE SAME TIME ALLOWING ITSELF A PERIOD TO COUNTER OPPOSITION ARGUMENTS BEFORE THE ACTUAL ANNOUNCEMENT.

3. THIS PRIOR PERIOD OF FEELING OUT AND SOFTENING UP THE NEWS MEDIA WAS APPARENTLY SUCCESSFUL, SINCE THE GOE RECEIVED STRONG SUPPORT FROM ALL OF THE COUNTRY'S MAJOR DAILIES AFTER THE ANNOUNCEMENT. EL COMERCIO STATED IN A JULY 10 EDITORIAL THAT "WHILE NATIONALISM IS ACCEPTABLE AT TIMES, EXTREMES MUST BE AVOIDED AND THE ECONOMIC REALITIES OF THE PRESENT MUST BE TAKEN INTO CONSIDERATION." EL TIEMPO, IN AN EDITORIAL ON THE SAME DAY, POINTED OUT THAT "THE PRICE DECREASE CANNOT BE BLINDLY OPPOSED". AND "OBJECTIVITY IS CALLED FOR IN THIS SITUATION." ALL OF THE DAILIES COMMENTED THAT WHAT SHOULD BE VIEWED BY THE PUBLIC ARE THE MULTIPLE FACTORS WHICH DETERMINED THE REDUCTION ON THE PRICE OF OIL, CITING SUCH EXAMPLES AS FALLING FOREIGN CURRENCY RESERVES, DECREASING NATIONAL INCOME DUE TO DECLINING PETROLEUM SALES, AND THE FAILURE OF ACTUAL PETROLEUM PRODUCTION TO MEET PROJECTED LEVELS. THE MEDIA FURTHER SUPPORTED THE GOVERNMENT'S DECISION BY STATING THAT IF THE GOE HAD NOT REDUCED THE PRICE OF OIL, ECUADOR'S OIL COULD NOT COMPETE INTERNATIONALLY AND AS A RESULT, THE ECONOMY WOULD CRITICALLY SUFFER. AS A LAST POINT IN SUPPORT OF THE GOE'S POSITION, THE MEDIA POINTED OUT THAT IN ORDER TO INCREASE THE AMOUNT OF OIL RESERVES AND TO LAY THE FOUNDATION FOR FUTURE INCREASES IN NATIONAL INCOME, WHAT IS NEEDED IS AN EXPANSION OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 QUITO 05240 181651Z

EXPLORATION INTO NEW AREAS TO INCREASE PRODUCTION. WITHOUT MAKING ECUADOR'S OIL INTERNATIONALLY COMPETITIVE, IT WAS STATED THAT FOREIGN FIRMS WOULD NOT BE WILLING TO INVEST IN NEW PETROLEUM PROJECTS, THEREBY CAUSING PRODUCTION TO EITHER STAGNATE OR DECLINE IN FUTURE YEARS.

4. REGARDING A PARALLEL ISSUE, BOTH EL TIEMPO AND EL COMERCIO BRIEFLY QUESTIONED THE WISDOM OF ECUADOR REMAINING

IN OPEC, IN VIEW OF OPEC'S RECENT DECISION IN GABON TO RAISE THE PRICE OF OIL. STATING THAT IF OPEC'S POLICIES ARE IN CONFLICT WITH THE NATIONAL INTERESTS OF ECUADOR, THEN ECUADOR MIGHT BE BETTER OFF ESTABLISHING ITS OWN INDEPENDENT OIL POLICIES, EL TIEMPO SUGGESTED THAT ECUADOR SHOULD NOT ALLOW ITSELF TO BE USED AS A POLITICAL TOOL OF THE ARAB WORLD. THE EL COMERCIO ARTICLE IS REPORTED SEPARATELY IN QUITO 5084 AND 5076.

5. THE ONLY NEGATIVE REACTIONS CONCERNING THE PRICE REDUCTION CAME FROM THE DEMOCRATIC LEFT, A SMALL POLITICAL PARTY, AND FROM VARIOUS STUDENT GROUPS. BOTH THE DEMOCRATIC LEFT AND THE STUDENTS VENTURE THEIR OPINIONS THAT THE PRE-REDUCTION PRICE OF OIL HAD BEEN SATISFACTORY AND THAT THE GOE HAD GIVEN IN TO PRESSURE FROM FOREIGN OIL COMPANIES, WHOSE ONLY CONCERN WAS TO MAKE LARGER PROFITS.
BREWSTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRESS COMMENTS, PRICES, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO05240
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750249-0863
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750742/aaaablpm.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2003 by Izenbel0>; APPROVED <09 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PUBLIC REACTION TO THE GOE'S LOWERING THE PRICE OF OIL
TAGS: ENRG, PFOR, EC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006